GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3861
ANSWERED ON:22.08.2003
OPENING OF BRANCHES IN RURAL AREAS BY PRIVATE BANKS
RAMA PILOT

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has decided to adopt tough stand on banks reluctanceto open branches in the rural and semi-rural areas as committed by them in their licensing agreements;

(b) if so, whether the Government have urged RBI to send a message to the banks to fill in line with the licensing condition under which each of them are required to have atleast 25 per cent of their branches in the rural aad semi-urban areas;

(c) if so, the details thereof;

(d) the total number of new private banks opened in the country during the last three years; and

(e) how many of them have followed this directive ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIANANDRAO V. ADSUL)

(a) to (e) .The new private sector banks are required to open 25% of their branches in Rural/Semi-urban centers as a part of licence condition. Public Sector Banks and Old PrivateSector Banks, already have adequate number of branches in Rural/Semi-urban centers.Kotak Mahindra bank is the only new private sector bank that has been set up during the last three years. The bank has been advised to open 25% of branches in Rural/Semi-urban centers within 3 years i.e. before March 2006 as a condition stipulated in its licence. At present it has no branch in Rural/Semi-urban centers. All other new private sector banks opened earlier also have 25% branches in Semi-urban /Rural areas.